

General Announcement

Reference No **OI-100913-44119**

Submitting Merchant Bank : OSK INVESTMENT BANK BERHAD
Company Name : **MALAYSIAN AE MODELS HOLDINGS BERHAD**
Stock Name : MAEMODE
Date Announced : 13/09/2010

Type : Reply to query
Reply to Bursa : MN-100909-60782
Malaysia's Query Letter
- Reference ID
Subject : MALAYSIAN AE MODELS HOLDINGS BERHAD ("MAE" OR THE
"COMPANY")

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 45,913,667 NEW WARRANTS IN MAE ("NEW WARRANT(S)") TO ALL THE SHAREHOLDERS OF MAE, ON THE BASIS OF ONE (1) NEW WARRANT FOR EVERY THREE (3) EXISTING ORDINARY SHARES OF RM1.00 EACH HELD IN MAE ("PROPOSED RIGHTS ISSUE"); AND

PROPOSED RESTRICTED ISSUE OF UP TO 10,244,711 NEW WARRANTS IN MAE TO THE HOLDERS OF UNEXERCISED 2005/2010 WARRANTS ON 17 SEPTEMBER 2010, BEING THE EXPIRY DATE OF THE WARRANTS ("EXPIRY DATE"), ON THE BASIS OF ONE (1) NEW WARRANT FOR EVERY THREE (3) UNEXERCISED 2005/2010 WARRANTS HELD ON THE EXPIRY DATE ("PROPOSED RESTRICTED ISSUE").

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

Contents : The terms used herein shall, unless the context otherwise stated, bear the same meaning as those defined in the previous announcement. This announcement should be read in conjunction with the earlier announcement made on 8 September 2010.

We refer to our earlier announcement dated 8 September 2010 and Bursa Malaysia Securities Berhad's query letter dated 9 September 2010 in relation to the Proposals.

In relation thereto, we are pleased to furnish the following additional information:-

Query Letter content : We refer to the aforesaid Company's announcement dated 8 September 2010 in respect of the aforesaid matter.

In this connection, kindly furnish Bursa Securities with the following additional information for public release:-

- 1) Basis of determining the issue price of RM0.02 per new warrant and justification for the pricing.
- 2) The minimum level of subscription and the basis of determining the minimum

level of subscription; or an appropriate negative statement.

3) Justification for embarking on the proposals rather than other available options.

4) In view that the proposals are inter-conditional, to state the following:-

(a) A statement that the interested directors or major shareholders will abstain from voting in respect of their direct and/or indirect shareholdings on the resolution approving the Proposed Rights Issue.

(b) A statement that such interested director, major shareholder or both has/have undertaken that he/they will ensure that the persons connected with him/them will abstain from voting on the resolution approving the Proposed Rights Issue at the general meeting.

(c) In the case of an interested director, a statement that the interested director has abstained or will abstain from deliberating and voting on the Proposed Rights Issue at the board meeting.

(d) A statement by the board of directors excluding interested directors stating whether the Proposed Rights Issue is in the best interest of the listed issuer and where a director disagrees with such statement, a statement by the director setting out the reasons and the factors taken into consideration in forming that opinion.

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Please furnish Bursa Securities with your reply within one (1) market day from the date hereof.

Yours faithfully

WAN CHOON YEN
Senior Manager, Issuers
Listing Division
Regulation

WCY/LMN
copy to:- General Manager & Head, Market Surveillance Department, Securities
Commission (via fax)

Announcement Details :

(1) Basis of determining the issue price of RM0.02 per New Warrant and justification for the pricing.

The issue price of RM0.02 per New Warrant was arrived at after taking into consideration the following:-

(a) various market information including the current volume weighted average market price of MAE Shares, the historical volatility of the underlying MAE Shares and the exercise price of the New Warrants of RM1.00 per MAE Share; and

(b) the expiring 2005/2010 Warrants which are currently out-of-the-money and a price deemed attractive by our Board to entice the entitled shareholders and Entitled Warrants Holders to subscribe for the New Warrants.

(2) The minimum level of subscription and the basis of determining the minimum level of subscription or an appropriate negative statement.

Aemnic is expected to subscribe for any of the unsubscribed New Warrants (in respect of which irrevocable undertakings have not been provided for) arising from the Proposals. The Company will procure an irrevocable undertaking from Aemnic to confirm the same.

In view of the above, the Proposals will not be undertaken on a minimum subscription basis and no underwriting arrangements will be made for the Proposals.

(3) Justification for embarking on the proposals rather than other available options.

The Board is of the view that the Proposals are currently the most appropriate avenue of raising funds for the Group, given that the 2005/2010 Warrants are set to expire whilst at the same time the Proposals will enable the Group to raise funds without incurring interest cost, as compared to bank borrowings.

(4) In view that the proposals are inter-conditional, to state the following:-

(a) a statement that the interested directors or major shareholders will abstain from voting in respect of their direct and/or indirect shareholdings on the resolution approving the Proposed Rights Issue.

(b) a statement that such interested director, major shareholder or both has/have undertaken that he/they will ensure that the persons connected with him/them will abstain from voting on the resolution approving the Proposed Rights Issue at the general meeting.

(c) in the case of an interested director, a statement that the interested director has abstained or will abstain from deliberating and voting on the Proposed Rights Issue at the board meeting.

(d) a statement by the board of directors excluding interested directors stating whether the Proposed Rights Issue is in the best interest of the listed issuer and where a director disagrees with such statement, a statement by the director setting out the reasons and the factors taken into consideration in forming that opinion.

In view that the Proposals are inter-conditional, certain Directors of MAE, namely Datuk Dr Lim Kee Sinn, Mr Lim Kee Yin, Mr Choo Chee Kiat, Mr Low Peng Lum and Dato' Sri Koh Kin Lip being the holders of the existing 2005/2010 Warrants are interested in respects of their entitlement under the Proposed Restricted Issue and are also deemed interested in the Proposed Rights Issue.

Accordingly, the aforementioned Directors will abstain and will continue to abstain from expressing an opinion and making any recommendation on the Board's deliberations and further abstain from voting on any resolutions pertaining to the Proposals.

The aforementioned Directors and the interested substantial shareholder, being Aemnic will also be required to abstain from voting in respect of their direct and/or indirect shareholdings, if any, in the Company on the resolutions pertaining to the Proposals at the forthcoming EGM to be convened.

Accordingly, the aforementioned Directors and interested substantial shareholders will also be required to ensure that persons connected with them who have interests in the shares of MAE will abstain from voting in respect of their direct and/or indirect shareholdings in the Company on the resolutions under the Proposals at the forthcoming EGM to be convened.

The Board, save for the aforementioned Directors, having considered all aspects of the Proposals including the rationale for the Proposals, is of the opinion that the Proposals is in the best interest of the Company. None of the Directors of MAE have recorded their disagreement with the Proposals.

This announcement is dated 13 September 2010.